



Former Military Facility Development Act

2023 Triennial Report

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OKLAHOMA
Commerce

Former Military Facility Development Act

Triennial Report
(As required by legislation)

January 2023

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Triennial Report

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Former Military Facility Development Act Triennial Report to the Legislative Body Prepared December 2010

Introduction:

During the legislative session of 1994, the Former Military Facility Development Act ("Former Military Program") was created. The concept of the Former Military Program was to induce companies to locate and create jobs on land that was formerly used for military or related purposes.

The Former Military Program followed the general framework of the Oklahoma Quality Jobs Program, created just one year earlier.

The Former Military Program requires that the Oklahoma Department of Commerce provide a report on the status of the program over the past three years since the last report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the Governor. The next report is due March 1, 2023. This report fulfills that legislative requirement.

Former Military Facility Development Act

The Former Military Program serves as an incentive to businesses to expand or locate on land that was formerly used for military or related purposes and that has been deeded to the state, local government or other development authority. Since inception, there has been only one site in Oklahoma that qualifies to be recognized as a Former Military Facility. It is located in Pryor Creek, Oklahoma, and was formed in June 1961 when the Oklahoma Ordnance Works Authority purchased 10,045 acres of land from the federal government. The facility was originally used by the federal government to manufacture Army ammunition and related products. Legislation further directed that the purpose was to stimulate the economy of Oklahoma through the attraction of industrial developments and creation of jobs. Today, the facility is known as MidAmerica Industrial Park and is located south and east of the intersection of Highway 69 and Highway 69A in Mayes County.

Entities that locate a project on these sites and create New Direct Jobs may qualify for a cash rebate of up to 5% over a ten-year period on new taxable payroll. The qualification criteria follow that of the Oklahoma Quality Jobs Program. To qualify, there are four basic thresholds that must be met by the participant:

Basic Industry - an applicant must be in a “basic industry” denoted by its industry code, known as a NAICS code. The legislation specifically lists by number those industries that can participate. The economic concept is that if these industries locate in Oklahoma, it will induce other industries to also locate or expand, creating additional jobs. At its inception, the principal industry code intended for the program was manufacturing. Other industries now include computer related services (software, hosting, data processing), research and development, headquarter operations, distribution centers, financial and administrative centers and web search portals. There are other industry codes eligible for the program which must also demonstrate an out-of-state sales level of 75% or more to qualify.

New Payroll - the participant must be able to project a new taxable annual payroll of at least \$1.5 million but less than \$2.5 million to qualify. (If the projected payroll exceeds \$2.5 million, then it must use the regular Quality Jobs Program). The jobs must be located within the state and the payroll must be subject to Oklahoma payroll withholding tax. An applicant has up to three years to create this new payroll in order to continue in the program for an additional seven years. A company may receive benefits during the three-year “ramp up” period even if it has not created the required new payroll, provided it has met all other program requirements.

Health Insurance Coverage – the participant must offer basic health insurance to all employees in “new direct jobs” that are eligible for program benefits. This coverage must be offered within 180 days of employment and the employee must pay no more than 50% of the premium cost. A basic program includes some coverage in the areas of doctor office visits, hospitalization, maternity, mental health, substance abuse and pharmacy benefits.

Minimum Wage Requirement - effective June 2003, participants must pay the employees in “new jobs” that are eligible for program benefits a wage that is at least equal to the average county wage where the project is located subject to a statewide cap. While those wages vary from county to county, the statewide cap is indexed annually subject to various economic indicators. It started at \$25,000 in 2003 and has risen to the current level of \$37,785. Participants often far exceed this wage requirement.

Applicant Process

Upon application, staff at Commerce conduct due diligence work on each applicant to ensure it is a legal entity in good standing within the state. Commerce staff also determines the maximum amount of benefits the applicant may receive (based on the economic impact of those jobs and wages) by doing a cost/benefit analysis. This ensures the state will pay out no more in benefits than the economic benefit that is created by the participant.

While an entity qualifies for participation in the Former Military Program based on its projection of wages and jobs, it receives payment of benefits based solely on actual performance. A participant must file quarterly claims with the Oklahoma Tax Commission, verifying its payroll and job data, to receive any payment. The Oklahoma Tax Commission then verifies this claim through payroll tax withholdings before issuing a warrant. Should a participant have any encumbrance due to a delinquency in any tax owed to the state, payment of benefits is withheld, pending resolution of the tax owed.

Historical Performance Data

Although the Former Military Program was enacted by legislation in 1994, the first enrollee occurred in March 2005. Metcraft, Inc. applied to the program as a manufacturer of commercial pot washing machines, commonly used in the fast food industry. It projected a total of 53 New Direct Jobs by the end of its third year, and 69 New Direct Jobs total.

Metcraft, Inc. filed quarterly claims for 12 quarters, beginning with the 4th quarter of 2005. It actually created 39 New Direct Jobs and received \$154,262 in program benefits. The new taxable payroll created during these 12 quarters was \$1.33 million; however based on program criteria it was required to create a *minimum* new annual payroll of at least \$1.5 million dollars. Since it was not able to do that, the company was dismissed from the program after 3rd quarter 2008. Metcraft, Inc. is still operational today and still located in the Industrial Park. Metcraft, Inc. would be eligible to re-apply for the Former Military Program again if it expands and projects sufficient job growth.

Note: since the last Triennial Report for this program, there have been several applicants approved for the Quality Jobs Program at the MidAmerica Industrial Park however, all have had projected payroll in excess of that required for this program.

Summary

The Former Military Facility Development Act remains available to any qualified applicant. Since the advent of the program, there have been several companies locate qualifying land in the MidAmerica Industrial Park, all but one had payroll in excess of the required \$1.5 million payroll and thus participated in the Oklahoma Quality Jobs Program or other incentives more appropriate to their circumstances.

KNOW ALL MEN BY THESE PRESENTS:

That the UNITED STATES OF AMERICA, acting by and through the Administrator of General Services, under and pursuant to the powers and authority contained in the provisions of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377, 40 U.S.C. § 471) as amended, and rules, orders and regulations issued pursuant thereto (hereinafter called Party of the First Part) in consideration of the sum of ONE MILLION SEVEN HUNDRED THOUSAND AND NO/100 (\$1,700,000.00) DOLLARS, to it duly paid, the receipt of which is hereby acknowledged, does hereby quitclaim, grant, bargain, sell and convey, under and subject to the exceptions, reservations, conditions and covenants hereinafter set forth, unto the OKLAHOMA ORDNANCE WORKS AUTHORITY, Pryor, Oklahoma, an agency of the State of Oklahoma, duly created under the public trust laws of said State, pursuant to 60 O.S. 1991, § 176 and § 177, as amended, (hereinafter called Party of the Second Part) its successors and assigns forever, all its right, title, interest, estate, claim and demand whatsoever, as well in law as in equity, in and to the following described property situate, lying and being in the County of Mayes, State of Oklahoma, to-wit:

PARCEL 1

A parcel of land located in Sections 2 and 11, T 20 N, R 19 E, Indian Meridian, Mayes County, Oklahoma, and more particularly described as follows:

Beginning at the Northeast corner of said Section 2;

Thence South a distance of 1980 feet along the East boundary of the said section;

Thence West 660 feet;

Thence South 1980 feet;

Thence West 660 feet;

Thence South 2640 feet to a point, said point being the Northeast corner of the SW 1/4 NE 1/4 of Section 11;

Thence East 850 feet;

Thence South 660 feet;

Thence South 18° W, 1320 feet;

Part, has caused these presents to be executed this 17th day of October

1961.

UNITED STATES OF AMERICA
Acting by and through the
Administrator of General Services

By

John L. Moore
Administrator
General Services Administration
Washington, D. C.

DISTRICT OF COLUMBIA SS:

ESTHER EL, a Minority Public In and For the City of Washington, District of Columbia, on this day personally appeared John L. Moore known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Administrator of General Services, General Services Administration, and acknowledged to me that his name was the true and legal name of the United States of America and that he executed the same as the Agent of the United States of America and as the Administrator of General Services for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE at Washington, D. C., this 17th day of October, 1961.

Thelma M. Baldwin
Notary Public In and For District
of Columbia

(S & A L)

My Commission Expires:

11-1-62

STATE OF OKLAHOMA } SS.
COUNTY OF MAYES }
This instrument was Filed for Record
at 3:30 o'clock P.M.
on 10-18-61
and duly Recorded in Book Page
W. H. H. H. County Clerk
W. H. H. H. Deputy

Mr. Hess Crowland
1101 First Natl Bldg
Tulsa 3